

Exhibit F  
Materials for November 5, 1999 Meeting of  
National Forge Company Holdings, Inc.'s Board of Directors

**National Forge Company Holdings, Inc.  
National Forge Company®**

**Board of Directors  
November 5, 1999**

**A G E N D A**

- I. New Board Member
- II. Minutes Approved – August 20, 1999, National Forge Company Holdings, Inc.  
Minutes Approved – August 20, 1999 National Forge Company  
Minutes Approved – Executive Committee Meetings
- III. Election of Directors
  - National Forge Company
  - Mitchell, Shackleton & Co. Ltd.
  - National Forge Components, Inc.
  - National Forge Europe, Ltd.
  - North West Forgemasters, Ltd.

Election of Officers

  - National Forge Company Holdings, Inc.
  - National Forge Company

Appointing Committees

  - Board of Directors
  - National Forge Company
- IV. Board Matters
  - Meeting Dates
- V. Irvine Review
  - Financial
  - Operations
  - Marketing
- VI. National Forge Components, Inc. Review

- VII. Mitchell, Shackleton & Co. Ltd. Review
  - Financial
  - Operations
  - Trading
  - Global Crankshaft Services Ltd.
- VIII. North West Forgemasters Ltd.
  - Financial
  - Operations
  - Trading
- IX. Consolidated Financial Statements
  - Review
- X. Financial Matters
  - Loan Status Update
  - Availability Under Revolver
  - Loan Covenant Review
  - Stock Appreciation Rights' Report
  - Capital Expenditure Update
- XI. Additional Matters
  - Review of Environmental Cleanup
  - Excess Cash Flow Bonus Plan – First Quarter
  - United Fund Contribution
  - PricewaterhouseCoopers LLP Management Letter
  - Engage PricewaterhouseCoopers LLP for Fiscal Year 2000
  - Y2K Update
  - Christmas Remembrance Bonus
- XII. Strategic Planning
- XIII. Other Matters
  - Old Business
  - New Business
  - Adjournment

**National Forge Company Holdings, Inc.  
National Forge Company®**

Minutes of a Regular Meeting  
Of the Board of Directors  
Held August 20, 1999

A meeting of the Board of Directors of National Forge Company Holdings, Inc. and National Forge Company was held concurrently and convened at Mitchell, Shackleton & Co. Ltd., Manchester, U.K. on August 20, 1999 at 8:50 a.m.

Directors attending were: E. Roger Clark (Chairman), Patrick A. Flanagan, Charles C. Judd, Ashok K. Khare, John G. Koedel, Jr., Stan Lundine, Dennis L. Peterson, Robert W. Richardson and Harry D. Rosequist. Others present by invitation were Gregory Bacon, Dana A. Beyeler, Maurice J. Cashman (Secretary) and Ian Thomas.

The following minutes were approved.

- A. April 28, 1999, National Forge Company Holdings, Inc. and National Forge Company
- B. June 1, 1999, National Forge Company Holdings, Inc. and National Forge Company
- C. April 27, 1999, Audit Committee of the National Forge Company Holdings, Inc.
- D. Executive Committee of National Forge Company
  - 1. May 19, 1999
  - 2. May 27, 1999
  - 3. June 30, 1999
  - 4. July 15, 1999

**Audit Committee Report**

Charles Judd reported on the Audit Committee meeting held on Wednesday, August 18, 1999. The minutes of that meeting were approved as submitted.

Roger Clark reviewed the Consolidated Audited Financial Statements as well as his letter to the Shareholders. Maurice Cashman reviewed the notes to The Financial Statements and The Statement of Cash Flows. The stock price of \$58.03 as of June 30, 1999, as established by Valuometrics, was reviewed.

Roger Clark carefully reviewed the effect on the Financial Statements of moving to an S Corporation from a C Corporation. A one-time charge for deferred taxes of \$6,541,000 was incurred. This is a non-cash item and has no negative impact on National Forge Company Holdings, Inc.

**Irvine Review**

Maurice Cashman presented the financial results for the fourth quarter of fiscal year 1999 and the full year results. E. Roger Clark reviewed various graphs depicting sales

and operating profits as well as an overview of operations for the fourth quarter and full year. It was stated that there is no longer anyone on the hourly layoff list at Irvine and six new hourly people have been hired. Production hours to non-production hours have increased to 1.22 from 1.11 the previous year. Errors and Defects reached a new low of 2.2% of sales.

Roger Clark gave an update on crankshaft reconditioning. The cost of constructing a building at Irvine is much higher than estimated due to the building boom in Pennsylvania. After discussing the issue, the Board of National Forge Company passed the following resolution with Harry D. Rosequist voting against:

RESOLVED, that the President or the Chief Financial Officer of National Forge Company has the authority to locate the crankshaft reconditioning business at a site outside of the National Forge Company's property located in Irvine, PA.

The Board of National Forge Company unanimously approved the following capital expenditure requests:

- A. P-578 -- Purchase tooling for #112 lathe in the amount of \$52,690.
- B. P-588 -- Replace heating/cooling system for the purchasing department building in the amount of \$25,252.

Dana Beyeler presented an overview of the marketing department's activities for the fourth quarter of fiscal year 1999 and the full year. Mr. Beyeler also reviewed a number of graphs depicting bookings and sales for each major product group and commented on the trends for each.

After a lengthy discussion on the various trends and comments regarding the marketplace and National Forge Company's ability to compete, the Board of National Forge Company Holdings, Inc. unanimously approved the following resolution:

RESOLVED, the management of National Forge Company Holdings, Inc. and the various operating subsidiaries are hereby directed to construct a three-year strategic plan that encompasses the following three items:

- A. World map of customers and competitors
- B. What do the various National Forge Companies have to do to be competitive.
- C. Develop strategies for National Forge and its subsidiaries to be more competitive.

This strategic plan is scheduled to be submitted at the next regular Board meeting, which is scheduled for November 5, 1999.

#### **National Forge Components, Inc.**

Dana Beyeler reviewed the results for fiscal year 1999, which showed a decline in sales when compared to last fiscal year. It is anticipated that business will increase as GE is experiencing a larger volume of engine rebuilds. Also, the level of activity for

reconditioning of newspaper boxes is increasing as a blanket annual order has been received from *The Cleveland Plain Dealer*.

**Mitchell, Shackleton & Co. Ltd.**

Ian Thomas led the discussion relating to the business of Mitchell, Shackleton. United States accounting rules require a FASB charge, relating to pensions, to be put on the Mitchell Shackleton Financial Statement. This amounted to \$215,000 and put Mitchell, Shackleton into a loss situation versus a net profit of £27,000 in UK reporting.

Sales were down 3% from a year ago. New crankshaft sales declined by a larger percentage, but sales were helped by the placement of the flange business from North West Forgemasters, Inc. into Mitchell, Shackleton. The strong currency in the UK versus European currencies is making it difficult for Mitchell, Shackleton in the global market.

Global Crankshafts Services has not been as successful in its first year as had been expected. Serious consideration is currently being given to the establishment of joint ventures throughout the world, the first of which would be in Singapore.

The Board of National Forge Company unanimously approved the following resolution:

RESOLVED, that the management of Mitchell, Shackleton & Co. Ltd. pursue a joint venture or franchise agreement with a Singapore based company by selling equipment and technical know how.

**North West Forgemasters Ltd.**

Ian Thomas led the discussions regarding North West Forgemasters. The financial results should be regarded as good performance in the light of the current difficulties facing UK manufacturing, which relates to the strong currency in the UK. Therefore, many of the customers of North West Forgemasters are struggling for business in a global economy.

**Future Board Dates**

The Annual Participant's Meeting will be held on September 15, 1999, at the Youngsville Fire Hall at 5:30 p.m. with the Stockholders' meeting to be held in the Corporate Office Boardroom immediately following the Participants' meeting.

The next Board of Directors' meeting will be held on Friday, November 5, 1999, in Irvine at 8:00 a.m.

The Board of Directors of National Forge Company Holdings, Inc. unanimously adopted the resolution of the Nomination Committee which read as follows:

RESOLVED, that the Nominating Committee, hereby determines that E. Roger Clark and Thomas Hessley are persons qualified to serve as Class I Directors of

this corporation with a term of office expiring at the 2002 Annual Meeting of Stockholders and thereafter, until their respective successors shall have been duly elected and qualified and such nomination is hereby certified to the Board of Directors.

RESOLVED, that the Nominating Committee of the Board of Directors hereby nominated Stan Lundine to serve as the Class I Independent Director of this corporation with a term of office expiring at the 2002 Annual Meeting of Stockholders and thereafter, until his respective successor shall have been duly elected and qualified and such nomination is hereby certified to the Board of Directors.

### **Financial Matters**

Maurice Cashman presented the stock repurchase liability report for the next ten years. It is anticipated that approximately \$1,500,000 worth of stock will be repurchased in Fiscal Year 2000.

Mr. Cashman reviewed a summary of the loans outstanding, which showed a consolidated net decline of \$5,465,000.

Loan covenants were reviewed as of June 30, 1999, along with a request to the bank group for a waiver to several capital expenditure spending limitation requests. Also discussed were some technical matters including being able to switch from LIFO to FIFO for covenant calculation purposes.

Capital Expenditures update was reviewed as well as Capital Project Status through June 30, 1999.

The Board of National Forge Company Holdings, Inc. unanimously approved the following resolution.

RESOLVED, that the capital expenditure authorization limits for fiscal year 2000 be set as follows:

- A. \$4,000,000 for the USA companies
- B. \$400,000 for the UK companies.

The SAR Program for fiscal year 1999 resulted in awarding 96.3% of the total SARS to the participants in the plan.

### **Business Plan – Fiscal Year 2000**

Roger Clark reviewed each business unit's Business Plan in summary. For the fiscal year 2000 on a consolidated basis, the sales should increase modestly around 4% to \$86,700,000 with a pretax profit at \$1,600,000. The cash outlay for capital expenditures is planned for \$6,900,000.

Maurice Cashman reviewed the loan covenants for fiscal year 2000 by each of the four quarters.

#### **Additional Matters**

Roger Clark reviewed the status of the current remediation work. AOC6 is the only AOC remaining open.

Maurice Cashman advised the Board of Directors that a 9.27% CPI Bonus would be paid for the year to the employees at Irvine. In addition, a Cash Flow bonus of 6.63% would be paid for the fourth quarter, which would bring the total bonuses for the year to 6.20%.

Maurice Cashman reported that the National Forge Company Holdings, Inc. is operating as an S Corporation as of July 1, 1999. National Forge Export, Inc. was dissolved effective as of July 1, 1999, and NFIP, Inc. will be merged into National Forge Company by September 30, 1999.

Maurice Cashman reported on the status of Y2K efforts throughout all of the operating units. It appears that the various personnel throughout the various companies are adequately prepared and their efforts are continuing.

Dana Beyeler led a discussion regarding the privatization of Watervliet Arsenal and the National Forge opportunity.

#### **New Business**

The Board of Directors of National Forge Company unanimously approved the following resolution:

RESOLVED, that the Contributions Committee's spending limitation on any one charitable request be raised from \$500 to \$1,000.

There being no further business, the meeting was adjourned.

Filed with the minutes of the Board of Directors of National Forge Company Holdings, Inc. and National Forge Company this 5<sup>th</sup> day of November, 1999.

---

Maurice J. Cashman, Secretary



## National Forge Company®

Minutes of a Special Meeting  
of the Executive Committee  
held October 5, 1999

A special meeting of the Executive Committee of the National Forge Company Board of Directors was held on October 5, 1999. Roger Clark was in the UK so Mr. Cashman served as Chairman and Secretary of the meeting. Mr. Cashman and Robert Richards participated in person. Roger Clark and John G. Koedel, Jr. participated by phone calls.

### Capital Expenditure

Mr. Cashman presented the following Capital Expenditure for approval:

P-595	Repair Corporate Roofs	\$60,000
-------	------------------------	----------

The above Capital Expenditure was approved.

There being no other business to conduct, the meeting was adjourned.

Filed with the minutes of the Executive Committee of National Forge Company this 5th day of November 1999.

---

Maurice J. Cashman, Secretary

NATIONAL FORGE COMPANY  
IRVINE PLANT

; IICATION FOR: ADDITION TO PROPERTY, PLANT AND EQUIPMENT NUMBER: P-595

PROGRAM: FY 2000  
REV. NO.ORIGINAL DATE: 9/21/99  
REV. DATE:

DESCRIPTION OF PROJECT: TO REPAIR CORPORATE ROOFS.

PURPOSE: REPAIR ROOFS THAT ARE DETERIORATED AND PREVENT DAMAGE TO OFFICE  
AREAS.

START DATE: 2ND QTR. 00

EST. COMPLETION DATE: 2ND QTR. 00

## ANTICIPATED COST:

MATERIAL OR SUB. CONTR.	INTERNAL LABOR	OVERHEAD	CONTINGENCY	TOTAL
-----	-----	-----	-----	-----
\$60,000				\$60,000

## TIMING OF EXPENDITURE:

CURRENT YEAR:	1ST QTR.	%	2ND. QTR.	100 %	3RD. QTR.	%	4TH. QTR.	%
NEXT YEAR:	1ST QTR.	%	2ND. QTR.	%	3RD. QTR.	%	4TH. QTR.	%

JUSTIFICATION: ROOFS NEED TO BE REPLACED TO PREVENT DAMAGE TO EQUIPMENT.

NET PRESENT VALUE CALCULATION: ☐ ATTACHED ☐ WAIVED ☐ NOT REQUIRED

SPONSOR: DILUZIO C

NOTIFICATION OF APPROVAL:  
DEPT. NO. 750MGR. PLANT & FAC. ENGR. NO 9-27-99

WORK TO BE DONE BY DEPT/S NO.

V.P. OPER-IRVINE: NO 9/27/99

EQUIP. NO.:

CONTROLLER: SAF 10/5/89

REQ. NO.:

PRESIDENT: EM 10/1/99

MATERIAL CHARGE: \_\_\_\_\_

BOARD OF DIRECTORS: 10/5/99

LABOR CHARGE: \_\_\_\_\_

CHIEF FINANCIAL OFFICER: 10/5/99 DATE: 10/5/99DISTRIBUTION: SPONSOR/S, M. CASHMAN, G. ENGLISH, T. JACKSON, H. MURPHY, B. NICHOLS,  
C. OLSON, G. KEEFER, PURCHASING

## Election of Directors - National Forge Company

---

RESOLVED, that the proper officers of National Forge Company Holdings, Inc. are hereby authorized and directed to execute the Written Consent of the Sole Shareholder of National Forge Company in the form distributed at this meeting electing three directors.

## **National Forge Company Holdings, Inc.**

Written Consent  
of Sole Shareholder as of November 5, 1999

National Forge Company Holdings, Inc., a Delaware corporation ("NFCH"), being the sole shareholder of National Forge Company, a Pennsylvania corporation ("NFC"), by its Chairman, President, and Chief Executive Officer, hereby consents to and adopts the following resolutions and takes the following actions with the same force and effect as if such resolutions had been duly adopted and such actions duly taken at a meeting of the sole shareholder of NFC duly called and convened for such purpose on the date hereof with a full quorum present and acting throughout:

### **Election of Directors**

RESOLVED, that pursuant to the Bylaws and Certificate of Incorporation of NFCH and NFC, the following directors of NFC are hereby elected, each of whom are Class I Directors with a term expiring at the 2002 Annual Meeting of Stockholders of NFCH and thereafter, until their respective successors shall have been duly elected and qualified.

E. Roger Clark      Thomas G. Hessley      Stan Lundine, and

RESOLVED, that NFCH hereby authorizes and directs any proper officer of NFCH to execute and deliver any and all further documents and instruments, to file with appropriate governmental, regulatory and other authorities or agencies any and all documents and instruments, and to take any and all such other actions as any of such officers deems necessary or appropriate in order to effectuate the purposes or carry out the intent of the foregoing resolution; and that the execution and delivery or filing of any such document or instrument or the taking of any such action by any such officer conclusively shall evidence the due authorization and approval thereof by the Corporation.

WITNESS the due execution hereof on November 5, 1999.

National Forge Company Holdings, Inc.

---

By: E. Roger Clark  
Chairman, President and  
Chief Executive Officer

## Election of Directors -- National Forge Europe Limited

---

RESOLVED, that the proper officers of National Forge Company are hereby authorized and directed to execute the Written Consent of the Sole Shareholder of National Forge Europe Limited in the form distributed at this meeting electing seven directors.

## National Forge Europe Limited

Written Consent  
of Shareholder as of November 5, 1999

National Forge Company, a Pennsylvania corporation ("NFC"), being the sole shareholder of National Forge Europe Limited, a United Kingdom corporation ("NFE"), by its Chairman, President, and Chief Executive Officer, hereby consents to and adopts the following resolutions and takes the following actions with the same force and effect as if such resolutions had been duly adopted and such actions duly taken at a meeting of the shareholders of NFE duly called and convened for such purpose on the date hereof with a full quorum present and acting throughout:

### Election of Directors

RESOLVED, that pursuant to the Bylaws and Certificate of Incorporation of NFC and NFE, the following directors of NFE are hereby elected, Directors with a term expiring at the 2000 Annual Meeting of Stockholders of NFE and thereafter, until their respective successors shall have been duly elected and qualified:

E. R. Clark  
I. Thomas  
W. M. Davies  
M. J. Cashman  
R. W. Richards  
G. Bacon

RESOLVED, that NFC hereby authorizes and directs any proper officer of NFC to execute and deliver any and all further documents and instruments, to file with appropriate governmental, regulatory and other authorities or agencies any and all documents and instruments, and to take any and all such other actions as any of such officers deems necessary or appropriate in order to effectuate the purposes or carry out the intent of the foregoing resolution; and that the execution and delivery or filing of any such document or instrument or the taking of any such action by any such officer conclusively shall evidence the due authorization and approval thereof by the Corporation.

WITNESS the due execution hereof on November 5, 1999.

National Forge Company

---

By: E. Roger Clark  
Chairman, President and  
Chief Executive Officer

## Election of Directors - National Forge Components, Inc.

RESOLVED, that the proper officers of National Forge Company are hereby authorized and directed to execute the Written Consent of the Sole Shareholder of National Forge Components, Inc. in the form distributed at this meeting electing five directors.

National Forge Components, Inc.

**Written Consent  
Of Sole Shareholder  
In Lieu of Annual Meeting  
As of November 5, 1999**

In conformity with Section 1766(a) of the Pennsylvania Business Corporation Law of 1988 and the Bylaws of National Forge Components, Inc., a Pennsylvania corporation (the "Corporation"), the undersigned, being the sole shareholder of the Corporation, hereby consents to and adopts the following resolutions and takes the following actions with the same force and effect as if such resolutions had been duly adopted and such actions duly taken at the annual meeting of shareholders of the Corporation duly called and convened for such purpose on November 5, 1999, with a full quorum present and acting throughout, viz:

Election of Directors

RESOLVED, that the following persons listed below are hereby elected as directors of the Corporation to hold office until the next annual meeting of stockholders or until their successors are duly elected and qualified:

E. Roger Clark  
Dana A. Beyeler  
Maurice J. Cashman  
Charles R. Olson  
Robert W. Richards

FURTHER RESOLVED, that the officers of the Corporation be, and they hereby are, authorized, empowered, and directed, in the name and on behalf of the Corporation and under its corporate seal where required, to take such actions, execute such documents, and do such other acts and things as they may determine to be necessary or convenient to carry out the purposes and intent of the foregoing resolution.



WITNESS the due execution hereof as of the date first set forth above.

NATIONAL FORGE COMPANY

By: \_\_\_\_\_

Name: E. Roger Clark \_\_\_\_\_

Title: Chairman, President, and Chief Executive Officer

The foregoing Written Consent of Sole Shareholder in Lieu of Annual Meeting has been signed by the sole stockholder and filed with the Secretary of the Corporation.

By: \_\_\_\_\_

Name: Maurice J. Cashman \_\_\_\_\_  
Secretary

## **Election of Officers**

---

### **National Forge Company Holdings, Inc.**

RESOLVED, that the Board of Directors elect the following officers of the National Forge Company Holdings, Inc.:

- E. Roger Clark, Chairman, President and Chief Executive Officer
- Maurice J. Cashman, Vice President, Chief Financial Officer, Secretary and Treasurer
- Thomas H. Jackson, Controller
- Robert A. Kaemmerer, Assistant Treasurer and Assistant Secretary

### **National Forge Company**

RESOLVED, that the Board of Directors elect the following officers of National Forge Company:

- E. Roger Clark, Chairman, President and Chief Executive Officer
- Maurice J. Cashman, Vice President, Chief Financial Officer, Secretary and Treasurer
- Dana A. Beyeler, Vice President of Marketing
- Charles R. Olson, Vice President of Operations
- Thomas H. Jackson, Controller
- Robert A. Kaemmerer, Assistant Treasurer and Assistant Secretary

## Committee Appointments

---

RESOLVED, that the Board of Directors of National Forge Company Holdings, Inc., pursuant to the Certificate of Incorporation and Bylaws of the Corporation, hereby designate the following committees, consisting of the following members:

- Executive Committee
  - E. Roger Clark, Chair
  - John G. Koedel, Jr.
  - Robert W. Richards
  
- Nominating Committee
  - Stan Lundine, Chair
  - Ashok K. Khare
  - Thomas G. Hessley
  
- Audit Committee
  - Charles C. Judd, Chair
  - Patrick A. Flanagan
  - Dennis L. Peterson
  
- Compensation Committee
  - John G. Koedel, Jr., Chair
  - Charles C. Judd
  - Stan Lundine

## Alternate Members For Committee Appointments

---

RESOLVED, that the Board of Directors of National Forge Company Holdings, Inc., pursuant to the Certificate of Incorporation and Bylaws of the Corporation, hereby designate the following alternate members for the following committees:

- Executive Committee
  - Dennis L. Peterson – Alternate member for Robert W. Richards
  
- Nominating Committee
  - Robert W. Richards – Alternate member for Thomas G. Hessley
  - E. Roger Clark – Alternate member for Ashok K. Khare
  
- Audit Committee
  - Robert W. Richards – Alternate member for Dennis L. Peterson
  - Ashok K. Khare – Alternate member for Patrick A. Flanagan

## Committee Appointments

---

RESOLVED, that the Board of Directors of National Forge Company, pursuant to the Certificate of Incorporation and Bylaws of the Corporation, hereby designate the following committees, consisting of the following members:

- Executive Committee
  - E. Roger Clark, Chair
  - John G. Koedel, Jr.
  - Robert W. Richards
  
- Audit Committee
  - Charles C. Judd, Chair
  - Patrick A. Flanagan
  - Dennis L. Peterson
  
- Compensation Committee
  - John G. Koedel, Jr., Chair
  - Charles C. Judd
  - Stan Lundine

## **Alternate Members For Committee Appointments**

---

RESOLVED, that the Board of Directors of National Forge Company, pursuant to the Certificate of Incorporation and Bylaws of the Corporation, hereby designate the following alternate members for the following committees:

- Executive Committee
  - Dennis L. Peterson – Alternate member for Robert W. Richards
  
- Audit Committee
  - Robert W. Richards – Alternate member for Dennis L. Peterson
  - Ashok K. Khare – Alternate member for Patrick A. Flanagan

RESOLVED, that the Board of Directors of National Forge Company Holdings, Inc. appoint the following committees, consisting of the following members:

- Retirement Plan  
Trustee, The Chase Manhattan Bank
  - William D. Bailey
  - Maurice J. Cashman, Chairman
  - Terry Chiaravalotti
  - Thomas H. Jackson
  - Robert A. Kaemmerer, Secretary
  - Dennis L. Peterson, Union Treasurer
  - Robert W. Richards, Union President
- National Forge Company Employees Savings Plan  
Trustee, Fidelity Management Trust Company
  - William D. Bailey
  - Maurice J. Cashman, Chairman
  - Terry Chiaravalloti
  - Thomas H. Jackson
  - Robert A. Kaemmerer, Secretary
  - Dennis L. Peterson, Union Treasurer
  - Robert W. Richards, Union President
- Voluntary Employees Beneficiary Association  
Trustee, The Chase Manhattan Bank
  - William D. Bailey
  - Maurice J. Cashman, Chairman
  - Terry Chiaravalloti
  - Thomas H. Jackson
  - Robert A. Kaemmerer, Secretary
- Employee Stock Ownership Plan Trustees
  - Maurice J. Cashman
  - Robert A. Kaemmerer

RESOLVED, that the Board of Directors of National Forge Company appoint the Trustees for National Forge Employees Community Fund:

- Community Fund Trustees
  - William D. Bailey, Chairman
  - Maurice J. Cashman
  - Patrick R. Littlefield
  - Thomas J. Lord
  - Charles R. Olson
  - Robert W. Richards

## **National Forge Company**

### **Board of Directors**

The following dates were selected for National Forge Board of Directors' meetings in 2000.

1. Thursday, January 27, 2000
2. Wednesday, April 26, 2000
3. Thursday, August 17, 2000
4. Thursday, November 2, 2000

October 29, 1999



National Forge Company  
Plant

Results of Operations

For the first quarter ended September 30, 1999 and September 30, 1998

(dollars in thousands)

	First Quarter FY 2000	First Quarter FY 00 Plan	Better or (Worse) Than Plan	% Better or (Worse) Than Plan	First Quarter FY 1999 Restated	Better or (Worse) Than FY 99	% Better or (Worse) Than FY 99	FY 00 Business Plan
Sales-customers	\$15,060	\$18,302	(\$3,242)	(17.7) %	\$14,807	\$253	1.7 %	\$72,723
Sales-intercompany	0	0	0	0.0	0	0	0.0	0
Net Sales	15,060	18,302	(3,242)	(17.7)	14,807	253	1.7	72,723
Cost of sales:								
Material	2,888	3,137	249	7.9	2,520	(368)	(14.6)	12,255
Labor	1,550	1,720	170	9.9	1,341	(209)	(15.6)	6,800
Variable Overhead	4,644	5,147	503	9.8	4,149	(495)	(11.9)	20,248
Fixed Overhead	3,130	3,977	847	21.3	3,535	405	11.5	18,167
Errors and defects	265	442	177	40.0	183	(82)	(44.8)	1,730
Period costs	357	410	53	12.9	302	(55)	(18.2)	1,668
Research and development	78	208	130	62.5	29	(49)	(169.0)	502
Cost of sales	12,912	15,041	2,129	14.2	12,059	(853)	(7.1)	61,370
Gross profit	2,148	3,261	(1,113)	(34.1)	2,748	(600)	(21.8)	11,353
Selling	699	825	126	15.3	636	(63)	(9.9)	3,343
Administrative	1,057	1,067	10	0.9	999	(58)	(5.8)	4,173
Operating profit (loss)	392	1,369	(977)	(71.4)	1,113	(721)	(64.8)	3,837
Other expense (income)	299	242	(57)	(23.6)	(2)	(301)	(15050.0)	766
Interest expense	352	452	100	22.1	504	152	30.2	1,728
Pre-tax profit (loss)	(\$259)	\$675	(\$934)	(138.4) %	\$611	(\$870)	(142.4) %	\$1,343

As a percent of net sales

	100.0%	100.0%	0.0%		100.0%	0.0%		100.0%
Net Sales								
Cost of sales:								
Material	19.2	17.1	(2.0)		17.0	(2.2)		16.9
Labor	10.3	9.4	(0.9)		9.1	(1.2)		9.4
Variable Overhead	30.8	28.1	(2.7)		28.0	(2.8)		27.8
Fixed Overhead	20.8	21.7	0.9		23.9	3.1		25.0
Errors and defects	1.8	2.4	0.7		1.2	(0.5)		2.4
Other costs	2.9	3.4	0.5		2.2	(0.7)		3.0
Cost of sales	85.7	82.2	(3.6)		81.4	(4.3)		84.4
Gross profit	14.3	17.8	(3.6)		18.6	(4.3)		15.6
Selling and administrative	11.7	10.3	(1.3)		11.0	(0.6)		10.3
Operating profit (loss)	2.6	7.5	(4.9)		7.5	(4.9)		5.3
Other expense (income)	2.0	1.3	(0.7)		(0.0)	(2.0)		1.1
Interest expense	2.3	2.5	0.1		3.4	1.1		2.4
Pre-tax profit (loss)	(1.7)	3.7	(5.4)		4.1	(5.8)		1.8

This statement also includes the results of National Forge Export, LTD. and NFEP, Inc.

Prior periods have been restated to reflect inventory calculated on a FIFO basis.